



PR Wireless, Inc. d/b/a Open Mobile


Universal Service Reform
and
Broadband Deployment



About Open Mobile

- A provider of wireless services in Puerto Rico and participant in the Universal Service Fund since 2007.
- The only wireless provider in Puerto Rico committed to a no-contract, pay-in-advance, unlimited usage business model.
- A leading provider of affordable service to low-income consumers, with more than 105,000 customers receiving Lifeline service.





Puerto Rico faces unique obstacles to telephone subscribership

- Puerto Rico is entering its fifth consecutive year of negative GDP growth.
- The median income for households in Puerto Rico is \$18,610, barely a third of that for all households in the United States.
- 41.4 percent of all families are below the poverty level, and 49.6 percent of all families with related children under 18 years of age are below the poverty level.



Puerto Rico faces unique obstacles to telephone subscribership (cont'd)

- Unlike most areas in the U.S. mainland, a number of factors combine to make infrastructure construction and maintenance costs high in the insular areas:
 - supplies necessary for creating and maintaining telecommunications infrastructure must be shipped and stored at considerable expense.
 - higher operational costs associated with the topography of Puerto Rico, such as the rough, hilly terrain and heavy tropical vegetation in sparsely populated inland areas.
 - higher operational costs associated with the climate of Puerto Rico, which is corrosive and inhospitable to telecommunications equipment.



Existing USF Mechanisms Have Not Served Their Purpose in Puerto Rico

- Only 91.9 percent of households in Puerto Rico have telephone service, compared to 98.2 percent in the United States overall.
- Only 64.3 percent of the population of Puerto Rico have wireless phones, compared to 90 percent in the United States as a whole.
- The entire population of Puerto Rico lacks access to broadband as defined in the National Broadband Plan. This represents one-sixth of Americans who lack broadband access.

Existing USF Mechanisms Have Not Served Their Purpose in Puerto Rico (cont'd)

- The Federal statute, requires that “Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services...that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.” (emphasis added)
- Yet, despite the challenges of serving Puerto Rico, the FCC reversed its tentative conclusion in 2005 that a separate insular mechanism should be adopted.
- Per-line support on the island has actually dropped between 40 and 60 percent since 2001.
- Maintaining high quality telephone service and building new broadband networks cannot be done without a mechanism that is predictable and provides sufficient support.



Sensible Reforms Are Needed

- The FCC should follow through on its earlier plan to adopt an insular mechanism recognizing the unique challenges of serving Puerto Rico. Support under such a mechanism must be made available on a competitively neutral basis.
- The FCC should increase the Lifeline discount to make telephone service more affordable, and make such discounts available for broadband.
- The FCC should exempt insular areas, including Puerto Rico, from any “phase downs” until it can be shown that Puerto Rico has obtained a quality of service that is reasonably comparable to that which is available in our nation’s urban areas.